

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 CIAE-00 DODE-00 INR-07

NSAE-00 PA-01 USIA-06 PRS-01 SP-02 SS-15 NSC-05

AGR-05 COME-00 LAB-04 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 /081 W

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R 141940Z APR 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 5272

INFO AMEMBASSY MONTEVIDEO

AMEMBASSY MOSCOW

USDA/FAS WASHDC

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E.O. 11652: N/A

TAGS: BAGB, EAG, EDAP, EEWT, AR

SUBJECT: SOVIET TRADE IN MEAT AND MEAT PRODUCTS

(C-ER-6-59780)

REF: STATE 061402

1. ARGENTINA WOULD BE A LOGICAL MARKET FROM WHICH USSR COULD PURCHASE MEAT: IT IS A LARGE EXPORTER, HAS EXPORTABLE SUPPLIES, HAS HAD A POWERFUL OFFICIAL SELLING AGENCY, BUT EVEN MORE SO, IS SUFFERING FROM A SEVERE BALANCE OF PAYMENTS PROBLEM AND NEEDS TO BOOST EXPORTS IN SHORT-RUN. HOWEVER, AT THIS TIME THERE ARE NO REPORTS OF EVEN FEELERS FROM USSR AND PRIVATE TRADE SOURCES INDICATE THAT THEY ARE RELUCTANT TO ACCEPT LEVEL OF PRICES THAT MIGHT BE OFFERED BY USSR.

2. PROBABLE SCENARIO OFFERED BY TRADE IN ARGENTINA IS THAT USSR LIKELY TO MAKE LARGE PURCHASES FROM EC, BOTH FROM INTERVENTION STOCKS AND FROM MARKET, BECAUSE EC PRICES COULD BE EXPECTED TO BE LOWERST COMMENSURATE WITH QUUALITY, ESPECIALLY OF QUALITY OF LIMITED OFFICIAL USE

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INTERVENTION MEAT. THIS WOULD RESULT IN FURTHER LOOSENING OF

EC IMPORTS AND ARGENTINA WOULD INCREASE ITS EXPORTS TO EC TO REPLACE, IN PART, QUANTITIES SOLD TO USSR.

3. UNDOUBTEDLY, ARGENTINA WILL BE UNDER EXTREME PRESSURES TO BOOST BEEF EXPORTS AND LARGE PURCHASE BY USSR WOULD APPEAR TO BE TEMPTING, ESPECIALLY PRIOR TO MARCH 24, 1976. HOWEVER, NEW GOVERNMENT HAS INDICATED THAT IT WILL REDUCE INFLUENCE OF NATIONAL MEAT BOARD, RETURNING BOTH DOMESTIC AND EXPORT TRADE TO A COMPLETELY OPEN FREE MARKET SITUATION AND HAS FURTHER ASSURED EXPORTERS OF REALISTIC EXCHANGE RATES. ALSO, THERE ARE INDICATIONS THAT STATE RUN AND SUBSIDIZED PACKING PLANTS SUCH AS SWIFT AND CAP MAY BE PLACED ON AUTIONING BLOCK. THUS, INFLUENCE OF STATE IN MEAT TRADE IS EXPECTED TO BE REDUCED SHARPLY AND USSR NOTED FOR ITS PREFERENCE FOR DEALING WITH STATE ORGANIZATIONS AND MAKEING LARGE DEALS AT FAVORABLE PRICES TO THEM, USSR. WITH RE-EMERGENCE OF PRIVATE TRADE IN ARGENTINA, WOULD APPEAR MORE DIFFICULT FOR USSR TO STRIKE A BARGAIN TO ITS LIKING IN ARGENTINA.

4. PRIOR TO MARCH 24, MEAT TRADE WAS ESTIMATING 1976 EXPORTS AT 400,000 TONS (CWE) VERSUS 265,000 TONS IN 1975, CITING INADEQUATE EXCHANGE RATES AND LABOR PROBLEMS AS LIMITING A LARGER VOLUME OF EXPORTS, BUT NOT FOREIGN DEMAND. UNDERSTAND THAT TRADE HAS APPROACHED NEW GOVERNMENT AND INDICATED THAT EXPORTS COULD BE BOOSTED TO 500,000 TO 550,000 TONS IF ADQUATE EXCHANGE RATES WERE GRANTED.

5. WILL CONTINUE TO MONITOR SITUATION AND WILL REPORT NEW INFORMATION OR RUMORS RE POSSIBLE TRADE WITH USSR.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN MARKETS, MEATS, EXPORT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 14 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BUENOS02508
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760142-0650
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760464/aaaaccdv.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 61402
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 04 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 MAY 2004 by CollinP0>; APPROVED <02 SEP 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SOVIET TRADE IN MEAT AND MEAT PRODUCTS (C-ER-6-59780)
TAGS: BAGB, EAGR, EPAP, EEW, AR, UR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006